

**LAFAYETTE PUBLIC TRUST
FINANCING AUTHORITY**
Lafayette, Louisiana

Financial Report

Year Ended March 31, 2012

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 10 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Assets	5
Statement of Activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Funds	8
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	11
Notes to Basic Financial Statements	12-36
OTHER SUPPLEMENTARY INFORMATION	
COMPLIANCE AND INTERNAL CONTROL	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37-38
Schedule of Current Year Findings	39
Schedule of Prior Year Findings	42
Management's Corrective Action Plan	44

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
100 Petroleum Drive, 70508
P O Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • Fax (337) 235-8557
www.wmddh.com

INDEPENDENT AUDITORS' REPORT

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV, APA *

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA * +
MICHAEL G. DEHART, CPA, CVA, MBA * +
JOE D. HUTCHINSON, CPA * +

+RETIRED



STEPHANIE A. BLANK, CPA

ROBERT T. DUCHARME, II, CPA

MARY PATRICIA KEELEY, CPA

ROBIN T. LeBLANC, CPA

JOAN MARTIN, CPA, CVA, CFF, DABFA

TANYA L. MIGUES, CPA

STEPHEN C. MOORE, CPA

WENDY ORTEGO, CPA, CVA

ROBIN G. STOCKTON, CPA

BRIDGET B. TILLEY, CPA, MT

TINA B. VIATOR, CPA

The Board of Trustees
Lafayette Public Trust Financing Authority
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lafayette Public Trust Financing Authority (Authority), a component unit of the Lafayette Consolidated Government, Lafayette, Louisiana, primary government, as of and for the year ended March 31, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Trustees of the Authority. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lafayette Public Trust Financing Authority as of March 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2012 on our consideration of Lafayette Public Trust Financing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Lafayette Public Trust Financing Authority has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lafayette Public Trust Finance Authority's financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basis financial statements of the Lafayette Public Trust Finance Authority. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
October 25, 2012

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Net Assets
March 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Current:	
Cash and interest-bearing deposits	\$ 5,636,887
Investments	68,146,405
Accrued interest - investments	237,075
Restricted assets - (cash with mortgage agent)	<u>108,556</u>
Total current assets	<u>74,128,923</u>
Noncurrent assets.	
Notes receivable	2,322,983
Mortgages receivable	3,826,792
Property held for resale	<u>1,212,300</u>
Total noncurrent assets	<u>7,362,075</u>
Total assets	<u>\$81,490,998</u>
LIABILITIES	
Liabilities payable from restricted assets:	
Single family mortgage revenue bonds payable	\$49,536,000
Less: Unamortized bond issuance cost	(743,908)
Unaccreted bond discount	(74,090)
Add: Unamortized premium	<u>1,137,420</u>
Total single family mortgage bonds outstanding	49,855,422
Accrued interest on bonds	<u>177,905</u>
Total liabilities	<u>\$50,051,014</u>
NET ASSETS	
Restricted	\$ 4,842,170
Unrestricted	<u>26,597,814</u>
Total net assets	<u>\$31,439,984</u>

The accompanying notes are an integral part of the basic financial statements

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Activities
For the Year Ended March 31, 2012

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> Charges for Services	<u>Net (Expense) Revenues and Changes in Net Assets</u> Governmental Activities
Governmental activities:			
General government	\$ 367,123	\$ -	\$ (367,123)
Interest on long-term debt	<u>2,124,659</u>	<u>-</u>	<u>(2,124,659)</u>
Total governmental activities	<u>\$ 2,491,782</u>	<u>\$ -</u>	<u>(2,491,782)</u>

General revenues	
Interest and investment earnings	5,540,787
Miscellaneous income	<u>58,765</u>
Total general revenues	<u>5,599,552</u>
Change in net assets	3,107,770
Net assets - April 1, 2011	<u>28,332,214</u>
Net assets - March 31, 2012	<u>\$31,439,984</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Balance Sheet - Governmental Funds
March 31, 2012

	General	Series 2007 Bonds	Series 2007A Bonds	Series 2009 GSE Bonds	Total
ASSETS					
Current.					
Cash and interest-bearing deposits	\$ 5,636,887	\$ -	\$ -	\$ -	\$ 5,636,887
Investments	13,478,083	14,626,062	14,146,458	25,895,802	68,146,405
Notes receivable	2,322,983	-	-	-	2,322,983
Mortgages receivable	3,826,792	-	-	-	3,826,792
Accrued interest receivable	29,900	61,390	62,062	83,723	237,075
Restricted assets (cash with mortgage agent)	108,556	-	-	-	108,556
Property held for resale	1,212,300	-	-	-	1,212,300
Total assets	<u>\$ 26,615,501</u>	<u>\$ 14,687,452</u>	<u>\$ 14,208,520</u>	<u>\$ 25,979,525</u>	<u>\$ 81,490,998</u>
LIABILITIES AND FUND BALANCE					
Current liabilities.					
Accounts payable	\$ 17,687	\$ -	\$ -	\$ -	\$ 17,687
Total liabilities	<u>17,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,687</u>
Fund balance:					
Nonspendable	\$ 3,535,283	\$ -	\$ -	\$ -	\$ 3,535,283
Restricted	-	14,687,452	14,208,520	25,979,525	54,875,497
Committed	3,935,348	-	-	-	3,935,348
Unassigned	19,127,183	-	-	-	19,127,183
Total fund equity	<u>26,597,814</u>	<u>14,687,452</u>	<u>14,208,520</u>	<u>25,979,525</u>	<u>81,473,311</u>
Total liabilities and fund balance	<u>\$ 26,615,501</u>	<u>\$ 14,687,452</u>	<u>\$ 14,208,520</u>	<u>\$ 25,979,525</u>	<u>\$ 81,490,998</u>

The accompanying notes are an integral part of the basic financial statements

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
March 31, 2012**

Total fund balance for the governmental fund at March 31, 2012	\$81,473,311
---	---------------------

**Total net assets reported for governmental activities in the statement of net
assets is different because:**

Long-term liabilities at March 31, 2012:

Revenue Bonds Payable, net of unamortized issuance costs	\$ (48,792,092)	
Unaccreted Bond Discount	74,090	
Unamortized Bond Premium	(1,137,420)	
Accrued Interest Payable	<u>(177,905)</u>	<u>(50,033,327)</u>

Total net assets of governmental activities at March 31, 2012	<u>\$31,439,984</u>
--	----------------------------

The accompanying notes are an integral part of the basic financial statements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year Ended March 31, 2012**

	General	Series 2007 Bonds	Series 2007A Bonds	Series 2009 GSE Bonds	Total
Revenues					
Interest on mortgages receivable	\$ 140,210	\$ -	\$ -	\$ -	\$ 140,210
Interest on interest-bearing deposits and investments	784,627	822,169	841,230	1,014,626	3,462,652
Increase (decrease) in fair value of investments	755,593	23,363	(149,431)	1,308,400	1,937,925
Miscellaneous Income	58,765	-	-	-	58,765
Total revenues	<u>1,739,195</u>	<u>845,532</u>	<u>691,799</u>	<u>2,323,026</u>	<u>5,599,552</u>
Expenditures					
Current -					
General government					
Legal fees	63,091	-	-	-	63,091
Accounting and auditing	12,620	-	-	-	12,620
Grant awards	5,000	-	-	-	5,000
Professional fees	-	5,152	5,170	7,204	17,526
Uncollectible receivables	236,138	-	-	-	236,138
Miscellaneous	28,247	1,500	1,500	1,500	32,747
Debt service -					
Principal	-	2,435,000	4,165,000	920,000	7,520,000
Interest	-	779,254	829,398	731,254	2,339,906
Total expenditures	<u>345,096</u>	<u>3,220,906</u>	<u>5,001,068</u>	<u>1,659,958</u>	<u>10,227,028</u>
Excess (deficiency) of revenues over expenditures	1,394,099	(2,375,374)	(4,309,269)	663,068	(4,627,476)
Other financing sources					
Transfers in	55,500	-	-	-	55,500
Transfers out	-	-	-	(55,500)	(55,500)
Total other financing sources	<u>55,500</u>	<u>-</u>	<u>-</u>	<u>(55,500)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,449,599	(2,375,374)	(4,309,269)	607,568	(4,627,476)
Fund balance, beginning	<u>25,148,215</u>	<u>17,062,826</u>	<u>18,517,789</u>	<u>25,371,957</u>	<u>86,100,787</u>
Fund balance, ending	<u>\$ 26,597,814</u>	<u>\$ 14,687,452</u>	<u>\$ 14,208,520</u>	<u>\$ 25,979,525</u>	<u>\$ 81,473,311</u>

The accompanying notes are an integral part of the basic financial statements

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
Year Ended March 31, 2012**

Total net changes in fund balance at March 31, 2012 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (4,627,476)
The change in net assets reported for governmental activities in the statement of activities is different because.	
Bond principal retirement considered as an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances whereas the payment reduces the balance of bonds payable on the Statement of Net Assets	7,520,000
Monies received as bond premium or discount is included as an other financing source on the Statement of Revenues, Expenditures and Changes in Fund Balances, whereas the bond premium is deferred and amortized over the life of the bonds on the Statement of Activities.	295,154
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities This amount is the net effect of the difference in treatment of issuance costs	(109,967)
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on an accrual basis	<u>30,059</u>
Total changes in net assets at March 31, 2012 per Statement of Activities	<u>\$ 3,107,770</u>

The accompanying notes are an integral part of the basic financial statements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Lafayette Public Trust Financing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A Financial Reporting Entity

The Lafayette Public Trust Financing Authority (Authority) is a political subdivision of the state of Louisiana. The Authority was formed as a public trust on January 16, 1979 pursuant to Chapter 2-A of Title 9 of the Louisiana revised statutes. The beneficiary of the trust is the Lafayette City-Parish Consolidated Government, Lafayette, Louisiana. The Authority was created for the purpose of providing financing for residential facilities to low and moderate income families within the Parish of Lafayette. The Authority's governing body is comprised of a board of five trustees.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the industry audit guide, Audits of State and Local Governmental Units

For financial reporting purposes, the Authority includes all funds and activities that are controlled by the Authority as an independent political subdivision of the State of Louisiana. The Authority is a component unit of the Lafayette Consolidated Government, the primary government. Although legally separate from the Lafayette Consolidated Government, the following factors were considered in deciding that the Authority is a component unit of the Lafayette Consolidated Government, Lafayette, Louisiana:

- 1 The trustees of the Authority shall be appointed by the governing authority of the Lafayette Consolidated Government.
- 2 All proposed by-laws and any amendments thereto need to be approved by the governing authority of the Lafayette Consolidated Government.
- 3 No tax exempt bonds may be issued without the prior consent of the governing authority of the Lafayette Consolidated Government.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity (continued)

- 4 No bonds of the Trust shall be delivered without the prior approval of the governing authority of the Lafayette Consolidated Government.

This report includes the component unit financial statements of the Lafayette Public Trust Financing Authority, which does not include the oversight unit (Lafayette Consolidated Government) financial statements

B Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. At March 31, 2012 the Authority does not have business-type activities

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Authority and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues

Fund Financial Statements

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

B. Basis of Presentation (continued)

Funds of the Authority are classified as governmental funds. Governmental funds account for the Authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the Authority include:

General Fund - the general operating fund of the Authority and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes

A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental are at least 10 percent of the corresponding total for all funds of that category or type. and
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental are at least 5 percent of the corresponding total for all governmental funds combined

The major funds of the Authority are described below:

Governmental Funds-

General Fund

The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Series 2007 Bond Fund

To account for the proceeds of the Series 2007, Single Family Mortgage Revenue Bonds, dated July 18, 2007 in the amount of \$28,800,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

B. Basis of Presentation (continued)

Series 2007A Bond Fund

To account for the proceeds of the Series 2007A, Single Family Mortgage Revenue Bonds, dated December 13, 2007 in the amount of \$25,000,000.

Series 2009 GSE Bond Fund

To account for the proceeds of the GSE Program Single Family Small Issue Mortgage Revenue Bonds, dated December 21, 2009 in the amount of \$25,000,000

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

On the government-wide statement of net assets and the statement of activities, activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

C. Measurement Focus/Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

Statutes authorize the Lafayette Public Trust Financing Authority to invest in certificates of deposit, repurchase agreements, passbook savings accounts, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount of those funds. In addition, the Lafayette Public Trust Financing Authority can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. Investments are stated at fair value.

Restricted assets

Restricted assets are those assets that are legally restricted as to their use. All special revenue fund assets of the Authority are restricted.

Capital Assets

Capital assets, which include property, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Authority maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. At March 31, 2012, the Authority did not report any depreciable capital assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

D. Assets, Liabilities and Equity (continued)

Property Held for Resale

Property held for resale is valued at cost. The cost is recorded as an expenditure at the time the property is sold. The property is equally offset by a fund balance reserve to indicate that it does not constitute "available expendable resources" even though it is a component of net assets

Long-term debt

All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. The long-term debt consists of single-family mortgage revenue bonds payable including the unamortized premium

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated absences

The Authority had no employees during the year ended March 31, 2012; therefore, it did not have a policy on vacation and sick leave, nor did it have a pension plan.

Equity classifications

The Authority implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASBS No. 54) in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of the fund balance information to the financial user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements -

In accordance with GASBS No. 54, the Authority classifies fund balances in the governmental funds as follows

Nonspendable Fund Balance - fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are prepaid expenses, inventory and long-term receivables.

Spendable Fund Balance - includes restricted, committed, assigned, and unassigned designations

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

D. Assets, Liabilities and Equity (continued)

Restricted - fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. Examples are fund balances in the following funds. Series 2007 Bonds, Series 2007A Bonds and Series 2009 GSE Bonds.

Committed - fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (Consolidated Council). These commitments can only be overturned by a like action. Examples are Encumbrances of Construction and Service Contracts, and specific allocation of funds for particular future activities.

Assigned - spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by (1) the governing body or (2) a body (i e , budget or finance committee) or official who has the authority to assign amounts to be used for specific purposes.

Unassigned - residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Government-wide Financials Statements --

The authority classifies net assets in the government-wide financial statements as follows

- a Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.**
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.**
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt ”**

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

D. Assets, Liabilities and Equity (continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

E. Revenues, Expenditures, and Expenses

Revenues

Revenues include interest earned on cash deposits and investments, increase (decrease) in fair value of investments, and fees earned.

Expenditures

In the government-wide financial statements, expenses are classified by function and in the fund financial statements, expenditures are classified by character.

General government expenditures include all operating expenditures of the Authority and debt service expenditures include the principal, interest, and associated cost with the bond issues

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Proceeds from the issuance of bonds and premiums are accounted for as other financing sources

F Amortization

Amortization of bond issue costs is based on the total outstanding bonds divided by the sum of the bonds outstanding as of the beginning of the present year. This method does not materially differ from the interest method required by generally accepted accounting principles.

G Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

A. 2007 Bond Issue (\$28,800,000)

The accounts to be held by the Trustee are as follows.

Program Fund -

Cost of Issuance Account

Amounts in the Costs of Issuance account are not pledged as security for the Bonds and are not available for such payments. This account is used to account for amounts paid for issuance of the bonds

Acquisition Account, including the Downpayment Assistance Subaccount

This account along with the Downpayment Assistance subaccount of the Acquisition account is used to account for the initial purchase of securities with the proceeds of the issuance of the bonds.

Administrative Account

The Administrative account is used to account for the payment of program expenses when due. If at any time there is in excess of \$25,000 in the account, the Authority may withdraw such excess and use such amounts for any lawful purpose of the Authority

Revenue Fund -

The Revenue Fund will account for all pledged revenues excluding mortgage repayments and principal prepayments, which shall be deposited directly to the Redemption account of the Bond Fund, and any income or interest earned by any fund or account other than the Rebate Fund and the Cost of Issuance account. Monies shall be transferred as follows: (a) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, there shall be transferred into the Interest Payment Fund, an amount sufficient, together with money on deposit therein, to pay the interest on the bonds due on such interest payment date or date of redemption of all or a portion of the bonds, (b) to the Rebate Fund, 6.47% of the total interest revenue received from the initial investment agreement or such different amount at the direction of the Authority if and to the extent required by the Rebate Analyst, (c) on the business day preceding each interest date, after providing for the aforementioned payments, to the Administrative account of the Program Fund one-sixth (1/6th) of the amount necessary to pay the trustee's fee, the rebate analyst's fee and the program expense fee due and payable on each June 1 and December 1, to the extent sufficient funds are not already on deposit therein; and (d) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, the excess revenues, if any, for such interest payment date shall be transferred into the Redemption account of the Bond Fund for distribution to the Bondholders pursuant to a mandatory redemption of the bonds as provided in the indenture.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund (continued)

In the event of any deficiency in the amount required to pay the principal or interest on the bonds on any interest payment date, the Trustee shall withdraw funds on deposit in the following funds in the following order of priority: first, the Short-Term Reserve Fund, then the Revenue Fund, then the Administrative account of the Program Fund and then the Redemption account of the Bond Fund but only if no notice of redemption has been given.

In addition, moneys may be withdrawn to pay the accrued interest on bonds being redeemed and to pay the purchase price of bonds being purchased in lieu of redemption pursuant to the Indenture, to be applied to payment of such purchase price and credited against such redemption payments. To the extent that funds on deposit in the revenue fund are insufficient to pay the principal of and interest on the bonds due on the next payment date, notice shall be given to the Investment Agreement Provider to withdraw the amounts necessary to pay the principal of and interest on bonds due.

Bond Fund -

Principal Account and Interest Account

The funds in the Principal account and the Interest account of the Bond Fund will be used to pay the principal and interest due on the bonds on each interest payment date

Redemption Account

All mortgage repayments and principal prepayments shall be deposited to this account and shall be applied to the redemption of bonds pursuant to the indenture.

Short-Term Reserve Fund -

Moneys in the Short-Term Reserve Fund will be used if required. (i) to pay the accrued interest portion of the Certificate Purchase Price of each GNMA Security, Fannie Mae Security and FHLMC Security, (ii) to pay a portion of the applicable Certificate Purchase Price of GNMA Securities, Fannie Mae Securities and FHLMC Securities; (iii) while amounts are on deposit in the Acquisition account of the Program Fund, to pay principal and interest on the bonds when due to the extent other pledged revenues available therefore under the indenture are insufficient; (iv) to pay the program expenses when due to the extent other pledged revenues therefore are insufficient, and (v) to pay a portion of the redemption price of the bonds in the event of redemption due to unexpended proceeds. On the day following the interest payment date next succeeding the date on which no amounts remain on deposit in the Acquisition account of the Program Fund, the Trustee shall withdraw from the Short-Term Reserve Fund amounts, if any, on deposit therein and transfer such amounts to the Authority, free and clear of the lien of the indenture, but only upon receipt by the Authority of written confirmation from Moody's that such transfer will not adversely affect the rating on the bonds

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Rebate Fund –

Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of the indenture and shall be used by the Trustee at such times and in such amounts to comply with rebate requirements of the code as instructed by the Authority. Investment earnings on any moneys in the Rebate Fund shall be retained therein.

B. 2007A Bond Issue (\$25,000,000)

The accounts to be held by the Trustee are as follows:

Program Fund –

Cost of Issuance Account

Amounts in the Costs of Issuance account are not pledged as security for the Bonds and are not available for such payments. This account is used to account for amounts paid for issuance of the bonds

Acquisition Account, including the Downpayment Assistance Subaccount

This account along with the Downpayment Assistance subaccount of the Acquisition account is used account for the initial purchase of securities with the proceeds of the issuance of the bonds

Administrative Account

The Administrative account is used to account for the payment of program expenses when due. If at any time there is in excess of \$25,000 in the account, the Authority may withdraw such excess and use such amounts for any lawful purpose of the Authority.

Revenue Fund –

The Revenue Fund will account for all pledged revenues excluding mortgage repayments and principal prepayments, which shall be deposited directly to the Redemption account of the Bond Fund, and any income or interest earned by any fund or account other than the Rebate Fund and the Cost of Issuance account. Monies shall be transferred as follows: (a) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, there shall be transferred into the Interest Payment Fund, an amount sufficient, together with money on deposit therein, to pay the interest on the bonds due on such interest payment date or date of redemption of all or a portion of the bonds, (b) to the Rebate Fund, an amount at the direction of the Authority if and to the extent required by the Rebate Analyst, (c) on the business day preceding each interest date, after providing for the aforementioned payments, to the Administrative account of the Program Fund one-sixth (1/6th) of the amount

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund (continued)

necessary to pay the trustee's fee, the rebate analyst's fee and the program expense fee due and payable on each June 1 and December 1, to the extent sufficient funds are not already on deposit therein; and (d) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, the excess revenues, if any, for such interest payment date shall be transferred into the Redemption account of the Bond Fund for distribution to the Bondholders pursuant to a mandatory redemption of the bonds as provided in the indenture.

In the event of any deficiency in the amount required to pay the principal of or interest on the bonds on any interest payment date, the Trustee shall withdraw funds on deposit in the following funds in the following order of priority: first, the Short-Term Reserve Fund, then the Revenue Fund, then the Administrative account of the Program Fund and then the Redemption account of the Bond Fund but only if no notice of redemption has been given

In addition, moneys may be withdrawn to pay the accrued interest on bonds being redeemed and to pay the purchase price of bonds being purchased in lieu of redemption pursuant to the Indenture, to be applied to payment of such purchase price and credited against such redemption payments. To the extent that funds on deposit in the revenue fund are insufficient to pay the principal of and interest on the bonds due on the next payment date, notice shall be given to the Investment Agreement Provider to withdraw the amounts necessary to pay the principal of and interest on bonds due.

Bond Fund –

Principal Account and Interest Account

The funds in the Principal account and the Interest account of the Bond Fund will be used to pay the principal of and interest due on the bonds on each interest payment date.

Redemption Account

All mortgage repayments and principal prepayments shall be deposited to this account and shall be applied to the redemption of bonds pursuant to the indenture

Short-Term Reserve Fund –

Moneys in the Short-Term Reserve Fund will be used if required. (i) to pay the accrued interest portion of the Certificate Purchase Price of each GNMA Security, Fannie Mae Security and FHLMC Security; (ii) to pay a portion of the applicable Certificate Purchase Price of GNMA Securities, Fannie Mae Securities and FHLMC Securities; (iii) while amounts are on deposit in the Acquisition account of the Program Fund, to pay principal and interest on the bonds when due to the extent other pledged revenues available therefore under

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Short-Term Reserve Fund (continued)

the indenture are insufficient; (iv) to pay the program expenses when due to the extent other pledged revenues therefore are insufficient; and (v) to pay a portion of the redemption price of the bonds in the event of redemption due to unexpended proceeds. On the day following the interest payment date next succeeding the date on which no amounts remain on deposit in the Acquisition account of the Program Fund, the Trustee shall withdraw from the Short Term Reserve Fund amounts, if any, on deposit therein and transfer such amounts to the Authority, free and clear of the lien of the indenture, but only upon receipt by the Authority of written confirmation from Moody's that such transfer will not adversely affect the rating on the bonds.

Rebate Fund –

Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of the indenture and shall be used by the Trustee at such times and in such amounts to comply with rebate requirements of the code as instructed by the Authority. Investment earnings on any moneys in the Rebate Fund shall be retained therein.

C 2009 GSE Bond Issue (\$25,000,000)

The accounts to be held by the Trustee are as follows:

Program Fund –

Cost of Issuance Account

Amounts in the Costs of Issuance account are not pledged as security for the Bonds and are not available for such payments. This account is used to account for amounts paid for issuance of the bonds. This account was closed during fiscal year end March 31, 2012.

Acquisition Account

This account is used account for the initial purchase of securities with the proceeds of the issuance of the bonds. This account was closed during fiscal year end March 31, 2012.

Administrative Account

The Administrative account is used to account for the payment of program expenses when due

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund –

The Revenue Fund will account for all pledged revenues derived from the GNMA Securities, which shall be deposited with the trustee. Monies shall be deposited as follows: (a) on or before the fifteenth day of each month with respect to the GNMA Securities issued with respect to the GNMA I Program and (b) The third Business day following the twentieth day of each month with respect to GNMA Securities issued under the GNMA II Program. The Authority will cause all Pledged revenues derived from Fannie Mae Securities and Freddie Mac Securities, including payments from Fannie Mae or Freddie Mac pursuant to their respective guarantees thereof, to be deposited with the Trustee on or before the twenty-fifth day of each month. The Authority shall cause each Servicer to designate to the Trustee whether such moneys are derived from regularly scheduled principal payments, Prepayments, interest on First Mortgage Loans or other moneys with respect to the Certificates no later than three Business Days prior to the date of such payment. Investment earnings (net of losses) on each Fund and Account established pursuant to this Indenture (other than the Rebate Fund and the GSE Escrow Fund) shall be credited to the Revenue Fund.

Amounts on deposit in the Revenue Fund shall be transferred by the Trustee in the following amounts, on the following dates and in the following order of priority: On the Business Day preceding each Interest Payment Date or date of redemption of all or a portion of the Bonds (other than the Bonds secured by the GSE Escrow Fund prior to the Release Date), there shall be transferred (by ledger entry) into the Interest Account of the Bond Fund an amount sufficient, together with money on deposit therein, to pay the interest on the Bonds due on such Interest Payment Date or date of redemption of all or a portion of the Bonds; At the direction of the Authority, to the Rebate Fund, if and to the extent required by the Rebate Analyst and on the first Business Day of each month, to the Administrative Account of the Program Fund, one-sixth of the Trustee's Fee due and payable on the next subsequent Interest Payment Date; On the Business Day preceding each Interest Payment Date, after providing for the payments required by the Trustee shall transfer into the Administrative Account of the Program Fund the amount necessary to pay the Authority's Fee and the Program Administrator's Fee due and payable on the first Business Day of each month to the extent sufficient funds are not already on deposit therein; and On the Business Day preceding each Interest Payment Date, the balance, if any, for such Interest Payment Date shall be transferred to the Interest Account of the Bond Fund to pay interest due on the Bonds with the remainder to the Principal Account of the Bond Fund to pay principal.

In addition, moneys may be withdrawn to pay the accrued interest on bonds being redeemed and to pay the purchase price of bonds being purchased in lieu of redemption pursuant to the Indenture, to be applied to payment of such purchase price and credited against such redemption payments. To the extent that funds on deposit in the revenue fund are insufficient to pay the principal of and interest on the bonds due on the next payment date, notice shall be given to the Investment Agreement Provider to withdraw the amounts necessary to pay the principal of and interest on bonds due.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund (continued)

In the event of any deficiency in the amount required to pay principal or interest on the Bonds on any Interest Payment Date, the Trustee shall withdraw funds on deposit in the following funds in the following order of priority; first, the Reserve Fund, then the Administrative Account of the Program Fund and then the Redemption Account, but only if no notice of redemption has been given

All payments received on the Certificates, subsequent to discharge of this Indenture, and all moneys held hereunder on such date of discharge shall be paid to the Authority subject to any liens thereon by the applicable Services.

Bond Fund –

Principal Account and Interest Account

The funds in the Principal account and the Interest account of the Bond Fund will be used to pay the principal of and interest due on the bonds on each interest payment date.

Redemption Account

All mortgage repayments and principal prepayments shall be deposited to this account and shall be applied to the redemption of bonds pursuant to the indenture

Reserve Fund –

On the release Date of the Bonds, the Trustee shall deposit an amount made available to the Trustee in accordance with the Permanent Rate Term Sheets as required by the Rating Agency. Amounts to deposit in the Reserve Fund will be expended to pay regularly scheduled principal and interest on the Bonds on any Interest Payment Date or redemption date on which there are insufficient moneys on deposit in the Interest Account, the Principal Account and the Revenue Fund and to pay the accrued interest portion of the Security Acquisition Price. On the date of purchase of each security, a portion of such amount on deposit in the Reserve Fund equal to the accrued interest component of such Security shall be immediately withdrawn from the Reserve Fund and paid to the Servicer as accrued interest. Amounts on deposit in the reserve Fund shall also be used to cure any cash deficiencies in the GSE Bond Escrow Fund. Amounts remaining in the Reserve Fund on the Interest Payment Date after the date of Permanent Rate applies shall be released to the Authority with written approval of the Rating Agency.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Rebate Fund –

Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of the indenture and shall be used by the Trustee at such times and in such amounts to comply with rebate requirements of the code as instructed by the Authority. Not later than 30 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee shall, at the written direction of the Authority, pay to the United States of America at least 90% of the amount specified in writing by the Rebate Analyst required to be on deposit in the Rebate Fund as of such payment date and 100% of the investment earnings with respect to amounts on deposit in the Rebate Fund as of such payment date. Not later than 60 days after the final retirement of the Bonds, the Trustee shall pay to the United States of America 100% of the balance remaining in the Rebate Fund.

GSE Escrow Fund –

Proceeds of the GSE Program Bonds deposited to the GSE Escrow Fund in accordance with the Shortfall Amount deposited to the GSE Escrow Fund shall be held therein and invested in Permitted Escrow Investments until the Release Date. On the Release Date, the Trustee shall transfer amounts from the GSE Escrow Fund other than investment earnings to be used to pay interest on the Bonds on such Release Date to the Acquisition Account amounts specified in the Permanent Rate Term Sheet

(3) Cash and Investments

Cash and Interest-Bearing Deposits

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Authority may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Cash and Interest-Bearing Deposits (continued)

At March 31, 2012, the Authority had cash and interest-bearing deposits (book balances) of \$5,745,443 as follows.

<u>Accounts</u>	<u>Interest- Bearing Deposits</u>
Lafayette Consolidated Government (Mortgage Agent)	\$ 108,556
Lafayette Public Trust Financing Authority	<u>5,636,887</u>
 Totals	 <u>\$5,745,443</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Authority's deposits may not be recovered or the Authority will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of March 31, 2012, the Authority's bank balances were fully insured and collateralized with securities held in the name of the Lafayette Consolidated Government (the primary government) by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Investments

The Authority can invest in direct debt securities of the United States unless law expressly prohibits such an investment. The Authority's investments are categorized to give an indication of the level of risk assumed by it at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Authority's name. All of the Authority's investments are considered Category 1.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Investments (continued)

At March 31, 2012, the Authority's investments totaled \$68,146,405. Investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
General Fund -		
Certificates of deposit	\$ 1,456,000	\$ 1,456,000
Corporate obligations	1,073,937	1,081,370
Municipal obligations	6,916,195	7,406,462
Mortgage obligations	2,602,931	2,601,722
U.S. Government obligations	951,683	932,533
	<u>13,000,746</u>	<u>13,478,087</u>
Special Revenue Funds -		
Fidelity Treasury Money Market Funds	1,370,780	1,370,780
FHLM - Mortgage-backed securities	19,275,171	20,384,854
GNMA - Mortgage-backed securities	29,954,489	32,912,684
	<u>50,600,440</u>	<u>54,668,318</u>
Total	<u>\$ 63,601,186</u>	<u>\$ 68,146,405</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Investments (continued)

Investments in the Special Revenue Funds are held by bond trustees in the following accounts:

Accounts	Fidelity Treasury Money Market Accounts	FHLM Mortgage- Backed Securities	GNMA Mortgage- Backed Securities	Totals
2007 Bond Issue -				
Administrative	\$ 124,998	\$ -	\$ -	\$ 124,998
Revenue	-	12,625,850	1,396,233	14,022,083
Principal and interest	58,319	-	-	58,319
Redemption	396,138	-	-	396,138
Rebate	24,524	-	-	24,524
	<u>603,979</u>	<u>12,625,850</u>	<u>1,396,233</u>	<u>14,626,062</u>
2007A Bond Issue -				
Administrative	99,327	-	-	99,327
Revenue	-	7,660,421	6,076,504	13,736,925
Principal and interest	59,636	-	-	59,636
Redemption	250,570	-	-	250,570
	<u>409,533</u>	<u>7,660,421</u>	<u>6,076,504</u>	<u>14,146,458</u>
2009 GSE Bond Issue -				
Administrative	231,594	-	-	231,594
Revenue	-	98,583	25,439,947	25,538,530
Principal and interest	59,949	-	-	59,949
Redemption	45,693	-	-	45,693
Short-term reserve	20,032	-	-	20,032
	<u>357,268</u>	<u>98,583</u>	<u>25,439,947</u>	<u>25,895,798</u>
Totals	<u>\$ 1,370,780</u>	<u>\$ 20,384,854</u>	<u>\$ 32,912,684</u>	<u>\$ 54,668,318</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Investments (continued)

In accordance with GASB Statement No. 31, the Authority recognized the net increase (decrease) in the fair value of investments for the fiscal year ended March 31, 2012 detailed below. This amount takes into account all the changes in fair value (including purchases and sales) that occurred during the year

General Fund -	
Corporate obligations	\$ (984)
Municipal obligations	649,564
Mortgage obligations	95,361
U S Government obligations	<u>(1,131,127)</u>
	<u>(387,187)</u>
Special Revenue Funds -	
FHLM - Mortgage-backed securities	74,257
GNMA - Mortgage-backed securities	<u>1,392,917</u>
	<u>1,467,175</u>
Total	<u>\$ 1,079,989</u>

(4) Investment in Limited Partnership

Cypress Trails – The Authority adopted a resolution on February 3, 2006 declaring its intent to develop and own an affordable apartment home development for the purpose of providing affordable rental apartment homes to low income individuals and families through the Louisiana Housing Finance Agency's Low Income Housing Tax Credit Program. On November 11, 2009, the Authority formed a not-for-profit corporation, The Cypress Trails Corporation (the Corporation), and subsequently entered into a partnership with other limited partners to form the Cypress Trails Limited Partnership (the Partnership). The Corporation is the general partner, and owns a .009% equity interest in the partnership. The purpose of this enterprise is to develop an 80 unit elderly/permanent supportive new housing development. The development will consist of a community facility which will be available for tenants and will provide supportive services to the elderly and handicapped tenants. The development owner applied for, and received an allocation of 9% tax credits from the Louisiana Housing Finance Agency. On December 1, 2010, the Partnership closed on construction financing related to the project. As part of the funding agreements, the Corporation, and the Authority have jointly guaranteed a bridge loan in the amount of \$2,650,000, and a construction loan, which has a draw limit of \$2,316,000. Both of these loans will be refinanced at completion of construction using non-recourse debt, which will remove the guaranties at that time. In addition to the above, the Corporation and the Authority have (1) agreed to fund operating deficits of the Partnership, limited to \$239,000 if the achievement of certain benchmarks are met; (2) have guaranteed the completion of construction of the project, (3) and guaranteed the payment of any adjustment amounts or reduction amounts related to the tax credit program. As a general partner, The Cypress Trails Corporation is potentially liable for all the debts of the partnership.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(4) Investment in Limited Partnership - continued

Joie de Vivre – In March 2011, JDV Development, LLC (LLC) was formed by Acadiana Outreach Center, Inc. (AOC) for the purpose of engaging in any legitimate business pursuit or any lawful activity for which limited liability companies may be formed, as set forth in LSA-R.S. 12:1302. The LLC was formed to assist AOC in acquiring, constructing, rehabilitating, maintaining, and operating affordable housing projects located in the City and Parish of Lafayette and to act as the General Partner in the JDV Limited Partnership (the Partnership), for the specific purpose of developing the Joie de Vivre Project. Due to financial circumstances, AOC expressed its desire to transfer its interest in the development of the Joie de Vivre project to the Authority. The Authority adopted a resolution on September 27, 2011, declaring its intent to continue the development of the Joie de Vivre project - a smart growth, mixed use, workforce housing development in downtown Lafayette. On January 27, 2012, the Authority entered into an agreement to accept the transfer of AOC's interest in the Joie de Vivre Project via a transfer of ownership of the LLC. JDV Development, LLC will continue to act as the General Partner of JDV Limited Partnership, and owns .01% equity interest in the Partnership. On January 31, 2012, the Partnership closed on a \$9,000,000 construction loan related to the project. At the completion of the project, the Partnership will enter into a permanent financing arrangement.

(5) Notes Receivable

On August 10, 2006, the Authority financed the purchase of 14.61 acres by the Housing Authority of the City of Lafayette. This loan in the amount of \$425,000 is secured by a mortgage on the property and bears interest at a rate of 3% per annum accruing until the note is repaid when the Housing Authority's project is funded by Low Income Housing Tax Credits or in 5 years. On November 4, 2009 the Board of Trustees of the Lafayette Public Trust Financing Authority agreed to restate the loan to a long term, no interest, cash flow loan to be a project funding source for the City of Lafayette Housing Authority tax credit affordable housing project known as Villa Gardens, Lafayette, Louisiana. A Signed Loan Agreement reflecting this agreement was executed on July 16, 2010 with a principal balance outstanding of \$463,250 which consists of the Original Loan amount and accrued and unpaid interest.

On January 18, 2010, the Authority agreed to periodically advance funds out of a \$400,000 non-interest bearing loan allotted to the Lafayette Land Revitalization Authority in order to provide funding for the start up costs of the LLRA and for the ongoing operating costs of LLRA. As of March 31, 2012, \$125,000 had been advanced on this loan. This loan is no longer considered collectible and has been written off and removed from the receivable balance.

Certain startup costs of the Cypress Trails Partnership venture were advanced by LPTFA in the amount of \$700,000, as of March 31, 2012. This Advance is in the form of a non-interest bearing note, secured by a second mortgage on the property. Repayment of the note will be from surplus cash generated by the project.

On March 10, 2011, the Authority approved a revolving loan to the University of Louisiana at Lafayette School of Architecture and Design (SOAD) in the amount of \$400,000, and bearing interest at a rate of 3% per annum in relation to the Design/Build Program for Sustainable Housing. Loan documents were executed on April 8, 2011, between LPTFA and Ragin' Cajun Facilities, Inc., who is acting as the SOAD funding agent. As of March 31, 2012, \$159,734 had been advanced on this loan in addition to accrued interest of \$2,023.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(5) Notes Receivable (continued)

On April 8, 2011, the Authority issued a loan in the amount of \$1,000,000 to the Acadiana Outreach Center, Inc. to provide funding for the Joie de Vivre project. The loan will bear interest at a rate of 3% per annum with no interest accruing during the project construction period and until the units constructed in the project are placed in service. Payments of principal and accrued interest will be repaid from 50% of the net cash flow from the operations of the project. The project is tentatively scheduled to be completed by November 1, 2012. At March 31, 2012, no interest has been accrued. During May 2011, Acadiana Outreach Center, with the Authority's consent, transferred its rights and obligations in relation to this loan to JDV Limited Partnership. The terms remain the same.

(6) Bonds Payable

Series 2007, Single Family Mortgage Revenue Bonds, dated July 18, 2007 with a maturity date of January 1, 2041, bearing interest at the rate of 5.35% in the amount of \$28,800,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$1,000.

Series 2007A, Single Family Mortgage Revenue Bonds, dated December 13, 2007 with a maturity date of May 1, 2041, bearing interest at the rate of 5.70% in the amount of \$25,000,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$5,000.

Series 2009 GSE, Single Family Mortgage Revenue Bonds, dated December 21, 2009 with a maturity date of December 1, 2041, bearing interest at the rate of 3.21% in the amount of \$25,000,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$5,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(6) Bonds Payable (continued)

The following is a summary of bond transactions of the Lafayette Public Trust Financing Authority for the year ended March 31, 2012.

Bonds payable, beginning of year	\$ 57,056,000
Less Bonds retired	<u>(7,520,000)</u>
Bonds payable, end of year	49,536,000
Less. Unamortized bond issuance costs	(743,908)
Unaccreted bond discount	(74,090)
Add. Unamortized premium	<u>1,137,420</u>
	<u>\$ 49,855,422</u>

Principal outstanding on all bonds as of March 31, 2012 are as follows:

Series 2007	\$ 13,081,000
Series 2007A	12,555,000
Series 2009 GSE	<u>23,900,000</u>
	<u>\$ 49,536,000</u>

(7) Compensation of Board of Trustees

The Board of Trustees of the Authority receives no compensation and are only reimbursed for their expenses incurred relating to the Authority's business, which must have appropriate supporting documentation

(8) Prior Years' Debt Defeasance

In prior years, the Lafayette Public Trust Financing Authority has defeased various bond issues by creating irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U. S government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Authority's financial statements. As of March 31, 2012, the amount of defeased debt outstanding but removed from the financial statements amounted to \$900,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(9) Mortgages Receivable / Joint Cooperative Agreement

Lafayette Public Trust Financing Authority entered into an agreement with the Lafayette Consolidated Government, whereas the Authority initially agreed to provide funds totaling \$250,000 on an "as requested" basis for the purpose of establishing and implementing a low interest revolving loan program to assist first time homebuyers in the Parish of Lafayette. Eligible participants may receive up to \$5,000, to be repaid at an interest rate of five percent (5%) per year for a loan term not to exceed fifteen (15) years. The funds may be used only for the purposes of offsetting closing costs and/or as a down payment.

This agreement commenced on February 5, 1998 and ended on December 31, 1998. The agreement automatically renews on a calendar year basis for successive terms of one year unless either party provides written notice of its intent to terminate. In the event of termination, Lafayette City-Parish Consolidated Government is obligated to distribute any funds collected as repayments from borrowers and/or remaining and available in program accounts to the Authority

The Authority has approved additional funding and has funded this program in the amount of \$3,400,000 as of March 31, 2012, of which \$3,150,000 was funded in prior years. The financial activity, including the assets, liabilities, and net assets of this program are reflected in the accompanying financial statements.

(10) Conduit Debt Obligations and Contingencies

On October 1, 2002, the Authority issued Revenue Bonds in the amount of \$19,065,000 to provide financial assistance to Ragin' Cajun Facilities, Inc., a Louisiana nonprofit corporation, for the development, design construction and equipping of a student apartment complex, food service facility and child care facility, including parking and other infrastructure at the University of Louisiana at Lafayette.

On October 1, 2002, the Authority also issued Revenue Bonds in the amount of \$17,840,000 to provide financial assistance to SLCC Facilities Corporation, a Louisiana nonprofit corporation, for the development, design, construction and equipping of a new college campus for students, faculty and staff of the South Louisiana Community College.

On December 2, 2010, the Authority issued additional Revenue Bonds in the amount of \$22,200,000 to provide financial assistance to Ragin' Cajun Facilities, Inc., for the development, design construction and equipping of a student union and other infrastructure at the University of Louisiana at Lafayette

On December 14, 2010, the Authority issued additional Revenue Bonds in the amount of \$100,050,000 to provide financial assistance to Ragin' Cajun Facilities, Inc., for the development, design construction and equipping of student housing facilities, including parking and other infrastructure at the University of Louisiana at Lafayette.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(10) Conduit Debt Obligations and Contingencies (continued)

Revenues from the facilities constructed are pledged for the total payment of principal and interest. Bondholders can only look to these sources for repayment. Upon repayment of the bonds, ownership of the constructed facilities transfers to the respective corporations served by the bond issuance. These bonds are not direct or contingent liabilities of the Authority. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of March 31, 2012, there were four series of revenue bonds outstanding. The principal amount outstanding for these issues was \$152,570,000. The original issue amount of the bonds was \$159,155,000.

(11) Subsequent Events

On April 19, 2012, the Authority approved authorizing the issuance of Revenue Refunding bonds (South Louisiana Facilities Corporation Projects) Series 2012 in one or more series not to exceed \$14,000,000. These bonds were issued on July 5, 2012 at a face value of \$12,470,000.

During April 2012, the Authority disbursed \$16,978 towards the revolving loan with the University of Louisiana at Lafayette School of Architecture and Design (SOAD). Refer to Note 5.

During April 2012, the Authority approved providing additional funding in the amount of \$250,000 for the First Time Home Buyer Program to facilitate the loans made to eligible home buyers.

On May 1, 2012, the Authority received a \$131,545 payment on the loan to SOAD related to the sale of the home under construction at March 31, 2012.

(12) Other Matters

There is a matter pending before the Louisiana Board of Ethics involving a former trustee (and chairman) of the LPTFA. The former trustee has not been an LPTFA trustee since 2009. The matter involves the former trustee providing development consulting services for compensation to two separate special limited partnerships formed to develop tax credit funded affordable housing projects and which are indirectly affiliated with the LPTFA either through a minority (01%) ownership in the general partner corporation of the limited partnership or the LPTFA being a subordinated debt provider.

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
100 Petroleum Drive, 70508
P O Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • Fax (337) 235-8557
www.wmddh.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV, APA *

CHRISTINE R. DUNN, CPA **

DAMIAN H. SPIESS, CPA, CFP **

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA **
MICHAEL G. DEHART, CPA, CVA, MBA * +
JOE D. HUTCHINSON, CPA * +

+ RETIRED



STEPHANIE A. BLANK, CPA

ROBERT T. DUCHARME, II, CPA

MARY PATRICIA KEELEY, CPA

ROBIN T. LEBLANC, CPA

JOAN MARTIN, CPA, CVA, CFF, DABFA

TANYA L. MIGUES, CPA

STEPHEN C. MOORE, CPA

WENDY ORTEGO, CPA, CVA

ROBIN G. STOCKTON, CPA

BRIDGET B. TILLEY, CPA, MT

TINA B. VIATOR, CPA

The Board of Trustees
Lafayette Public Trust Financing Authority
Lafayette, Louisiana

We have audited the financial statements of the governmental activities and each major fund of Lafayette Public Trust Financing Authority (the Authority), as of and for the year ended March 31, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 2012-1, 2012-2, 2012-3 and 2012-4

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned cost. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Lafayette Public Trust Financing Authority and is not intended to be and should not be used by anyone other than this specified party. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
October 25, 2012

LAFAYETTE PUBLIC TRUST FINANCE AUTHORITY

SCHEDULE OF CURRENT YEAR FINDINGS FOR THE YEAR ENDED MARCH 31, 2012

We have audited the financial statements of the Lafayette Public Trust Finance Authority as of and for the year ended March 31, 2012, and have issued our report thereon dated October 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Our audit of the financial statements of March 31, 2012 resulted in an unqualified opinion

Section I - Summary of Auditors' Reports

A Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	<u>X</u> Yes	<u> </u> No
Significant Deficiencies	<u> </u> Yes	<u>X</u> No

Compliance

Compliance Material to Financial Statements	<u>X</u> Yes	<u> </u> No
---	--------------	----------------

Section II - Financial Statement Findings

Finding No. 2012-1

Statement of Condition.

Management failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning as designed in order to prevent, or detect and correct material misstatements on a timely basis.

Criteria.

Government Auditing Standards require that an adequate system of internal control be in place in order to safeguard assets and assure proper recording of transactions

Effect of Condition.

The condition resulted in the auditors proposing numerous and material audit adjusting journal entries.

Cause of Condition

Management did not establish an effective structure of internal control and did not maintain effective oversight to assure that the controls were in place and functioning as designed.

Recommendation

Management should implement procedures to insure that an adequate structure of internal control is in place and functioning as designed

LAFAYETTE PUBLIC TRUST FINANCE AUTHORITY

**SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2012**

Section II - Financial Statement Findings (continued)

Finding No. 2012-2

Statement of Condition:

The Authority does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. This is a repeat of the prior findings 2008-1 and 2010-2.

Criteria:

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes

Effect of Condition:

The lack of ability to generate GAAP basis financial statements on the part of the Authority resulted in the auditor making several material adjustments to the financial statements.

Cause of Condition:

Management did not engage a third party capable of producing GAAP basis financial statements.

Recommendation:

The Authority should evaluate the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Finding No. 2012-3

Statement of Condition.

The Authority does not reconcile the cash and investments accounts including maintaining cost and fair value figures.

Criteria

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions.

Effect of Condition:

The lack of reconciled accounts resulted in material journal entries in order to materially state the financial statements.

Cause of Condition.

Management did not reconcile accounts as necessary

Recommendation:

The Authority should reconcile all material accounts at least monthly and adjust the general ledger accordingly

LAFAYETTE PUBLIC TRUST FINANCE AUTHORITY

**SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2012**

Section II - Financial Statement Findings (continued)

Finding No. 2012-4

Statement of Condition:

Management failed to take all steps necessary to ensure the timely submission of the March 31, 2012 audited financial statements as required.

Criteria:

Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide requires all engagements to be completed and transmitted to the legislative auditor within six months of the close of the entity's fiscal year.

Effect of Condition:

The condition has no effect on the financial statements of Authority.

Cause of Condition:

Management did not ensure that accounts with material balances were reconciled on a timely basis and within a reasonable amount of time in order to perform and complete an audit of the financial statements followed by submission of the audit report within the mandated time frame.

Recommendation:

Management should implement procedures to insure that all required filing deadlines are met.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable for the current year.

LAFAYETTE PUBLIC TRUST FINANCE AUTHORITY

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Internal Control and Compliance Material to the Financial Statements

2008-1 and 2010-2

Statement of Condition:

The Authority does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Criteria

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Effect of Condition.

The lack of ability to generate GAAP basis financial statements on the part of the Authority resulted in the auditor making several material adjustments to the financial statements

Cause of Condition:

Management did not engage a third party capable of producing GAAP basis financial statements

Recommendation:

The Authority should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Follow-up

This finding is still outstanding as of March 31, 2012, and is included in the schedule of current year findings as 2012-2.

Finding No. 2010-1

Statement of Condition:

Management failed to take all steps necessary to ensure the timely submission of the March 31, 2011 audited financial statements as required.

Criteria

Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide requires all engagements to be completed and transmitted to the legislative auditor within six months of the close of the entity's fiscal year

Effect of Condition:

The condition has no effect on the financial statements of Authority

LAFAYETTE PUBLIC TRUST FINANCE AUTHORITY

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2012**

Section IV - Internal Control and Compliance Material to the Financial Statements

Finding No. 2010-1 (continued)

Cause of Condition

Management did not ensure that accounts with material balances were reconciled on a timely basis and within a reasonable amount of time in order to perform and complete an audit of the financial statements followed by submission of the audit report within the mandated time frame.

Recommendation

Management should implement procedures to insure that all required filing deadlines are met.

Follow-up

This finding is still outstanding as of March 31, 2012, and is included in the schedule of current year findings as 2012-4.



910 HARDING STREET
LAFAYETTE, LOUISIANA 70503

337-233-1987 – phone
337-235-1748 – facsimile

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED MARCH 31, 2012

The Lafayette Public Trust Financing Authority respectfully submits the following corrective action plan for the year ended March 31, 2012.

The findings from the March 31, 2012 Schedule of Current Year Findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding No. 2012-1

Recommendation. Management should implement procedures to insure that an adequate structure of internal control is in place and functioning as designed.

Action Taken. Management feels that with the addition of its new executive director, along with the procurement of a third party to aid providing accounting services, as discussed below, that an adequate structure of internal controls will be put into place and insure proper tracking of all relevant accounting data.

Finding No 2012-2

Recommendation. The Authority should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Action Taken The Authority has evaluated the cost vs. benefit and has determined that outsourcing the preparation of the financial statements to a third party service is in the Authority's best interest. To this end, the Authority engaged the services of a third party to provide accounting services for the fiscal year ended March 31, 2012. Since this is the first year of the services being provided, there are still several items which are being addressed to have our accounting system functioning at the level in which we fully desire.

Finding No 2012-3

Recommendation The Authority should reconcile all material accounts at least monthly and adjust the general ledger accordingly.

Action Taken Management feels that with the procurement of a third party to aid providing accounting services, as previously discussed, that all necessary account reconciliations will be performed on a timely and accurate basis.

Finding No. 2012-4

Recommendation Management should implement procedures to insure that all required filing deadlines are met.

Action Taken Management feels that with the procurement of a third party to aid providing accounting services, as previously discussed, that the information will be readily available to allow the Authority to meet all mandated filing deadlines.

If the Louisiana Legislative Auditor has questions regarding this plan, please contact John Arceneaux, 910 Harding Street, Lafayette, Louisiana 70503.

Sincerely yours,



John Arceneaux

Chairman, Lafayette Public Trust Financing Authority